

Message Text

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ACTION EUR-25

INFO OCT-01 ISO-00 EB-11 COME-00 INR-10 DRC-01 RSC-01 /049 W

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R 191136Z APR 74

FM AMEMBASSY VALLETTA

TO SECSTATE WASHDC 5467

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E.O. 11652: N/A

TAGS: BEXP, MT

SUBJ: POSSIBLE MOTOROLA INVESTMENT ON MALTA

FOR EUR/NE-MR. BUELL

1. POSSIBLE MOTOROLA INVESTMENT ON MALTA, INVOLVING A FACTORY EMPLOYING UP TO 2800 PEOPLE, NOW APPEARS ON BRINK OF FAILING TO MATERIALIZE. REQUEST YOU TELEPHONE GEORGE FELDMAN IN NEW YORK TO BRIEF HIM ON SITUATION AS FOLLOWS:

2. IN CONVERSATION WITH MINTOFF APRIL 17, HE TOLD AMBASSADOR THAT IT LOOKED AS IF MOTOROLA PROJECT WOULD NOT COME OFF BECAUSE COMPANY WAS DEMANDING TOO MUCH IN WAY OF GOM CONCESSIONS WHICH WOULD SET UNACCEPTABLE PRECEDENCE. AMBASSADOR EXPRESSED HIS REGRET THAT PROJECT WHICH WOULD HAVE MEANT SO MUCH TO ECONOMIC DEVELOPMENT AND INDUSTRIALIZATION IN MALTA WAS IN JEOPARDY.

3. IN LENGTHY CONVERSATION WITH DEVELOPMENT CORPORATION CHAIRMAN JOHN MIZZI APRIL 19, AMBASSADOR WAS BRIEFED ON LAST NEGOTIATING SESSION WITH MOTOROLA PEOPLE, PRIME MINISTER AND MIZZI LAST WEEK. MIZZI WAS MOST CANDID, AND ALMOST IN DESPAIR SINCE HE AND MDC STAFF HAVE DEVOTED MAJOR RESOURCES TO PROJECT OVER PAST FIVE MONTHS. WITHOUT GOING INTO SPECIFICS OF GOM AND MOTOROLA POSITIONS, IT IS CLEAR THERE HAS BEEN

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HARD BARGAINING. MOTOROLA REPS DEPARTED AND LATER

SENT CABLE SAYING THAT IF GOM POSITION IS FINAL, THEY ARE NO LONGER INTERESTED. WE SUSPECT MINTOFF MIGHT STILL BE PREPARED TO MAKE FURTHER CONCESSIONS TO MEET COMPANY'S DEMANDS, BUT MINTOFF HAS REFUSED TO ALLOW MIZZI TO INDICATE SUCH.

4. ONE MAJOR OBSTACLE HAS OBVIOUSLY BEEN SERIOUS PERSONALITY PROBLEMS BETWEEN MINTOFF AND CHIEF MOTOROLA NEGOTIATOR, MR. GRANDCLEMENT. LATTER IS PRECISE, CAREFULL AND TOUGH FRENCH ENGINEER WHOSE PERSONALITY SIMPLY DOES NOT MESH WITH FLAMBOYANT, POLITICAL ANIMAL LIKE MINTOFF. WE WOULD JUDGE THAT FAULT IS AT LEAST HALF MINTOFF'S AND PROBABLY MORE. NEVERTHELESS, SUCCESS OF PROJECT WOULD BE SUCH AN IMPORTANT BOOST TO MALTA' INDUSTRIALIZATION EFFORTS, THAT WE BELIEVE IT MIGHT BE WORTH SUGGESTING TO MOTOROLA POSSIBILITY OF SENDING HIGH AMERICAN OFFICIAL FROM COMPANY TO HAVE ONE MORE ROUND WITH GOM. WE THINK MR. SHRENSEL, DIRECTOR INTERNATIONAL OPERATIONS AND RESIDENT IN ARIZONA, MIGHT BE GOOD CHOICE. HE WAS IN MALTA LAST DECEMBER AND HIGHLY ENTHUSIASTIC. ANOTHER POSSIBILITY MIGHT BE ROBERT HEIKES WHO HAS NOT BEEN HERE BUT IS MANAGING DIRECTOR OF EUROPE. THIS MIGHT BE SOMEWHAT AWKWARD REGARDING GRANDCLEMENT'S STATUS, BUT THIS SHOULD NOT BE INSUPERABLE OBSTACLE.

5. IF FELDMAN COULD GET IN TOUCH WITH HIS FRIEND AT MOTOROLA, WE THINK EFFORT IS WORTH THE TRY.GETZ

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 19 APR 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: MorefiRH
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974VALLET00741
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D740091-0854
From: VALLETTA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740427/aaaaaxyh.tel
Line Count: 89
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EUR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: MorefiRH
Review Comment: n/a
Review Content Flags:
Review Date: 22 MAY 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <22 MAY 2002 by martinml>; APPROVED <07-Aug-2002 by MorefiRH>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: POSSIBLE MOTOROLA INVESTMENT ON MALTA FOR EUR/NE-MR. BUELL
TAGS: BEXP, MT
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005